

**State of Montana
Office of the Legislative Auditor
REPORT TO THE LEGISLATURE
MISSOULA
VOCATIONAL-TECHNICAL
CENTER**

**Report on the Examination
of Financial Schedules For the
Two Fiscal Years Ended June 30, 1985**

This report contains three recommendations for improvements in the center's operations. These recommendations address proper use of leave benefits and completing federal financial aid reports and student loan applications.

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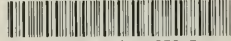
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FINANCIAL-COMPLIANCE AUDITS

Financial-compliance audits are conducted by the Office of the Legislative Auditor to determine if an agency's financial operations are properly conducted, the financial reports are presented fairly, and the agency has complied with applicable laws and regulations which could have a significant impact on the financial schedules. In performing the audit work, the audit staff uses standards set forth by the American Institute of Certified Public Accountants and the United States General Accounting Office.

Financial-compliance audit staff members hold degrees with an emphasis in accounting. Most staff members hold Certified Public Accountant (CPA) certificates.

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MISSOULA VOCATIONAL-TECHNICAL CENTER

Office of the Legislative Auditor
MISSOULA VOCATIONAL-TECHNICAL CENTER

Financial-Compliance Audit for the
Two Fiscal Years Ended June 30, 1985

Members of the audit staff involved in this audit include: Wayne Kedish, Manager; Jim Manning, Supervisor; Kathy Berg, Gina Larson, Diane Madden, Gary Trescott, and Janet Tursich, Staff Auditors.

2/88

STATE OF MONTANA

Office of the Legislative Auditor

STATE CAPITOL
HELENA, MONTANA 59620
406/444-3122

DEPUTY LEGISLATIVE AUDITORS:

JAMES GILLET
FINANCIAL-COMPLIANCE AUDITS

JIM PELLEGRINI
PERFORMANCE AUDITS

LEGAL COUNSEL:

JOHN W. NORTHEY



SCOTT A. SEACAT
LEGISLATIVE AUDITOR

April 1986

The Legislative Audit Committee
of the Montana State Legislature:

This is the financial-compliance audit report on the Missoula Vocational-Technical Center's financial activity for fiscal years 1983-84 and 1984-85. The center's written response to audit recommendations is included in the back of the audit report.

We thank the director and the center's staff for their cooperation and assistance throughout the audit.

Respectfully submitted,

A handwritten signature in dark ink, appearing to read "Scott A. Seacat", with a large, stylized flourish extending to the right.

Scott A. Seacat
Legislative Auditor

TABLE OF CONTENTS

	<u>Page</u>
Administrative Officials	iii
Summary of Recommendations	iv
Introduction	1
Background	1
Legal Compliance	2
Leave Policy	3
Student Aid Reports	4
Guaranteed Student Loan Applications	5
Internal Controls	6
Prior Audit Recommendations	7
Auditor's Opinion Letter and Center's Financial Schedules	
Summary of Audit Opinion	
Auditor's Opinion Letter	8
Schedule of Changes in Fund Balance for the Two Fiscal Years Ended June 30, 1985	10
Schedule of Revenues and Transfers In - Estimate and Actual for the Fiscal Year Ended June 30, 1985	11
Schedule of Revenues and Transfers In - Estimate and Actual for the Fiscal Year Ended June 30, 1984	12
Schedule of Program Expenditures and Transfers Out By Fund - Budget and Actual for the Fiscal Year Ended June 30, 1985	13
Schedule of Program Expenditures and Transfers Out By Fund - Budget and Actual for the Fiscal Year Ended June 30, 1984	14

TABLE OF CONTENTS (Continued)

	<u>Page</u>
Schedule of Expenditures By Program By Object for Fiscal Year Ended June 30, 1985	15
Schedule of Expenditures By Program By Object for Fiscal Year Ended June 30, 1984	16
Schedule of Additions and Deductions Agency Fund Assets for the Two Fiscal Years Ended June 30, 1985	17
Schedule of Grants and Subgrant Expen- ditures for the Fiscal Year Ending June 30, 1985	18
Schedule of Grants and Subgrant Expen- ditures for the Fiscal Year Ending June 30, 1984	19
Notes to the Financial Schedules	20
Center Response	26

MISSOULA VOCATIONAL-TECHNICAL CENTER

ELECTED AND ADMINISTRATIVE OFFICIALS

OFFICE OF THE SUPERINTENDENT OF PUBLIC INSTRUCTION

Ed Argenbright	Superintendent of Public Instruction
Gene Christiaansen	Assistant Superintendent for Vocational Education Services

MISSOULA COUNTY HIGH SCHOOL DISTRICT

Board of Trustees

	<u>Term Expires</u>
Ruth Card, Chairwoman	1988
The Rev. Joe Wahlin, Vice Chairman	1988
Dr. David Alt	1986
Patrick Byrne	1986
Marcille Sohlberg	1987
Susan Holmes	1987
Leonard Landa	1988

ADMINISTRATIVE OFFICIALS - SCHOOL DISTRICT

Dr. Dennis Kraft	Superintendent
Joe Roberts	Assistant Superintendent

MISSOULA VOCATIONAL-TECHNICAL CENTER

Dr. Dennis Lerum	Director
John Giese	Assistant Director
Dr. James Taylor	Business Manager

SUMMARY OF RECOMMENDATIONS

This listing serves as a means of summarizing the recommendations contained in the report and the audited center's reply.

Page

Recommendation #1

The center review leave balances prior to approving time off to ensure leave taken is in accordance with applicable state law and payroll contracts.

4

Center Response: Concur. See page 27.

Recommendation #2

The center:

- A. Complete the federal financial aid reports in accordance with instructions.

5

Center Response: Concur. See page 27.

- B. File corrected federal financial aid reports for fiscal years 1983-84 and 1984-85.

5

Center Response: Concur. See page 27.

Recommendation #3

The center correctly complete student loan applications.

6

Center Response: Concur. See page 27.

INTRODUCTION

We performed a financial-compliance audit of the Missoula Vocational-Technical Center for the two fiscal years ended June 30, 1985. Our audit objectives were to:

1. Make recommendations for improvement in the management and internal controls of the center;
2. Determine reasonableness of the financial schedules for the fiscal years ended June 30, 1984 and 1985; and
3. Determine if the center complied with applicable laws and regulations.

This report contains three recommendations to the center. These recommendations address areas where the center can improve compliance with laws and regulations. Other areas of concern deemed not to have a significant effect on the successful operations of the center are not specifically included in the report, but have been discussed with management.

In accordance with section 5-13-307, MCA, we analyzed the costs of implementing the recommendations made in this report. Each report section discloses the cost, if significant, of implementing the recommendation.

BACKGROUND

A practical nursing program originated in 1960 by the Missoula County High School Board of Trustees marked the beginning of postsecondary vocational-technical education in Missoula County. In 1967, under terms of the Federal Vocational Education Act of 1963, the board established the Missoula Vocational-Technical Center. Official state designation was granted the Missoula center in 1969 when the State Board of Public Instruction, through authorization granted by the State Legislature, created the existing Montana Postsecondary Vocational-Technical Center System.

Fall quarter student enrollment has increased from approximately 200 in 1970 to 587 in 1984. A schedule of full-time equivalent students for the audit period appears on page 25.

Approximately 70 faculty and staff provide instructional and administrative support.

The following table illustrates the number of students enrolled in the various programs during fall quarter 1984.

<u>PROGRAM ENROLLMENT</u>	
<u>Fall Quarter 1984</u>	
<u>Occupation/Program</u>	<u>Enrollment</u>
Accounting/Bookkeeping	61
Clerk Typist	12
Combination Welding	19
Computer Operator/Programmer	53
Data Entry/Computer Operator	17
Data Entry Operator	4
Dinner/First Cook	14
Electronics Technology	70
Fashion Merchandising	18
Food Production Management	7
Forestry Technology	8
General Secretary	16
Heavy Equipment Mechanics	47
Heavy Equipment Operation	21
Information Processing	20
Legal Secretary	27
Medical Receptionist	21
Medical Secretary	31
Medical Transcriptionist	18
Practical Nursing	50
Respiratory Therapy Technology	15
Retail Merchandising	8
Small Engine Mechanics	14
Surgical Technology	16
Total	<u>587</u>

Source: Prepared by the Office of the Legislative Auditor

LEGAL COMPLIANCE

We have examined the financial schedules for the Missoula Vocational-Technical Center for the two fiscal years ended June 30, 1985, and have issued our report thereon dated February 27, 1986. Our audit was performed in accordance with generally accepted auditing standards and the Standards for Audits of

Governmental Organizations, Programs, Activities, and Functions. Accordingly, we reviewed the state and federal laws and regulations applicable to the center's operations which could have a material impact on the center's financial operations.

Our audit of federal moneys was performed in accordance with the requirements in the U.S. Office of Management and Budget "Circular A-110," "Circular A-21," and the student aid audit guide prescribed by the U.S. Department of Education, March 1984. Circular A-110 provides for audits of financial operations, including compliance with certain provisions of federal law and regulations.

The center received funds as a grantee and subgrantee from agencies listed on pages 18 and 19. We reviewed the major compliance areas for the Adult Basic Education (ABE) grant and Student Financial Aid programs. Areas reviewed included:

1. eligibility determination,
2. specific grant provisions,
3. cost allowability, and
4. grantor reports.

For the items tested, except as discussed in the following sections of this report, we found the center complied with applicable laws and regulations. Nothing came to our attention that causes us to believe untested compliance items are not in accordance with applicable laws and regulations.

Leave Policy

The center negotiates payroll contracts for instructors and administrative employees certified to teach. The contract for the certified administrative staff at the center states these employees receive their total vacation credits each July 1 (the effective date of the annual contract period). Nonteaching, noncertified employees are entitled to leave benefits under Title 2, Chapter 18, part 6, MCA. This is the same leave granted to state employees.

We noted one certified administrative staff used seven days of vacation totaling \$1,203 during June 1985. The center approved

his time off, unaware he had insufficient accumulated vacation leave. By the time this was discovered, the person was already gone on vacation. The center corrected the error by reducing his annual vacation accrued in July 1985 by the days taken off. This employee utilized vacation benefits in June which were not earned until July.

We also noted one instance where a noncertified, nonteaching individual earned and used sick leave credits within the same pay period. When we discussed this with agency personnel, they stated this was a standard practice. Sections 2-18-611 and 2-18-618, MCA, state vacation and sick leave benefits are not earned until the end of the pay period, and cannot be used until the next pay period.

By not checking leave balances prior to approving time off, the center allowed employees to use benefits they had not earned.

RECOMMENDATION #1

WE RECOMMEND THE CENTER REVIEW LEAVE BALANCES PRIOR TO APPROVING TIME OFF TO ENSURE LEAVE TAKEN IS IN ACCORDANCE WITH APPLICABLE STATE LAW AND PAYROLL CONTRACTS.

Student Aid Reports

The center charges student nurses a mandatory fee to cover the cost of liability insurance. Total fees of \$1,269 in 1983-84 and \$1,590 in 1984-85 were collected. The center included these fees as tuition on its Fiscal Operations and Application Report (FISAP) in each year of our audit period. The report's instructions specifically state insurance fees are excluded from the reported tuition amount. Center personnel stated the insurance fees were included because the instructions previously required the inclusion of such funds.

In 1983-84, the center recorded Pell expenditures of \$206,187 and recoveries (refunds from students who withdraw or do not

maintain satisfactory academic progress) of \$3,662. The report's instructions require the Pell grant expenditures reported to equal expenditures less recoveries ($\$206,187 - \$3,662 = \$202,525$). The center recorded gross expenditures on the FISAP instead of expenditures net of recoveries. Center personnel stated this was an oversight.

Inaccurate federal reports could adversely affect the amount of aid the center is authorized to distribute. The center personnel should review the FISAP instructions each year for changes prior to completing the report.

RECOMMENDATION #2

WE RECOMMEND THE CENTER:

- A. COMPLETE THE FEDERAL FINANCIAL AID REPORTS IN ACCORDANCE WITH INSTRUCTIONS, AND
- B. FILE CORRECTED FEDERAL FINANCIAL AID REPORTS FOR FISCAL YEARS 1983-84 AND 1984-85.

Guaranteed Student Loan Applications

The center is required to complete a portion of a student's Guaranteed Student Loan (GSL) application. Estimated costs of attendance and aid awarded to a student are examples of the information the center provides.

Out of five applications we examined, one has an incorrect cost of attendance. The amount on the application is \$8,895. The correct amount is \$9,221. The correct number is in the student's file at the center. The financial aid officer stated this was an oversight.

In this instance, the error does not affect the amount of aid the student received. Though the cost of attendance on the application is understated, the student received the maximum loan possible.

Federal regulations require our report disclose all noted control weaknesses. Errors on applications could result in

students receiving more or less than the student is eligible for. An incorrect cost of attendance on the application indicates a weakness exists in the center's control system.

RECOMMENDATION #3

WE RECOMMEND THE CENTER CORRECTLY COMPLETE STUDENT LOAN APPLICATIONS.

INTERNAL CONTROLS

We have examined the financial schedules of the Missoula Vocational-Technical Center for the two fiscal years ended June 30, 1984, and June 30, 1985. We issued our opinion dated February 27, 1986, on these schedules. As part of our examination, we made a study and evaluation of the system of control of the center. Our study evaluated the system as required by generally accepted auditing standards and the Standards for Audit of Governmental Organizations, Programs, Activities, and Functions for financial and compliance audits. We classified the controls in the following categories:

1. revenue;
2. expenditures;
3. payroll;
4. contracts and grants; and
5. student financial aid.

Our study included the control categories listed above. Through our study, we determined the nature, timing, and extent of our auditing procedures. We applied alternative audit tests to revenue, and grants and contracts because the audit could be performed more efficiently by expanding substantive audit work. We did not evaluate the control system to the extent necessary to give an opinion on either individual segments or the system as a whole.

The management of the center is responsible for establishing and maintaining a system of accounting control. In fulfilling this responsibility, estimates and judgments by management are

required to assess the expected benefits and related costs of control procedures. The objectives of a system of controls are to provide management with reasonable assurance that: (1) assets are safeguarded against loss from unauthorized use or disposition; (2) transactions are executed in accordance with management's authorization; and (3) transactions are recorded properly to permit the preparation of financial schedules in accordance with state accounting policy. Inherent limitations in any system of controls may cause errors or irregularities to remain undetected. The current system evaluation should not be used to project to future periods since the procedures may become inadequate or compliance with them may deteriorate.

The limited purpose study described in the first paragraph would not necessarily disclose all material weaknesses in the system. Accordingly, we do not express an opinion on the system of controls used by the center. However, our study disclosed no conditions that indicate material internal control weaknesses exist.

The preceding three paragraphs are intended solely for the use of management and the legislature and should not be used for any other purpose. This restriction as to use is not intended to limit the distribution of this document which, upon presentation to the Legislative Audit Committee, is a matter of public record.

PRIOR AUDIT RECOMMENDATIONS

The last audit of the Missoula Vocational-Technical Center for the two fiscal years ended June 30, 1983, was performed under contract with this office. The contract auditor's report detailed 13 recommendations. Seven of the recommendations have been implemented. Six recommendations are no longer applicable. Two recommendations were directed to the Office of Public Instruction. The Office of Public Instruction has implemented one recommendation and the other recommendation will be followed up on our audit at that agency.

AUDITOR'S OPINION LETTER
AND CENTER'S FINANCIAL SCHEDULES

SUMMARY OF AUDIT OPINION

The auditor's opinion issued in this report is intended to convey to the reader of the financial schedules the degree of reliance that can be placed on the financial schedules and footnotes presented. The reader can rely on the information presented on all financial schedules and footnotes prepared from the Statewide Budgeting and Accounting System (SBAS) as noted on page 8 of this report. These schedules are reasonable.

The financial schedules are prepared from SBAS without adjustments for errors noted during the audit. This is done to allow the reader to determine the degree of reliance that can be placed on SBAS information. In prior audits the financial schedules were presented after adjustments and the center was allowed to correct the errors noted prior to issuance of the auditor's opinion.

Office of the Legislative Auditor

STATE CAPITOL
HELENA, MONTANA 59620
406/444-3122



COTT A. SEACAT
LEGISLATIVE AUDITOR

DEPUTY LEGISLATIVE AUDITORS:

JAMES GILLET
FINANCIAL COMPLIANCE AUDITS

JIM PELLEGRINI
PERFORMANCE AUDITS

LEGAL COUNSEL:

JOHN W. NORTHEY

The Legislative Audit Committee
of the Montana State Legislature:

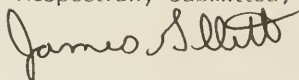
We have examined the financial schedules of the various funds of the Missoula Vocational-Technical Center for each of the fiscal years ending June 30, 1984, and 1985, as shown on pages 10 through 25. Our examination was made in accordance with generally accepted auditing standards and Standards for Audits of Governmental Organizations, Programs, Activities, and Functions and, accordingly, included such tests of the accounting records and such other auditing procedures as we considered necessary in the circumstances.

The center's financial schedules are prepared in accordance with the basis of accounting described in Note 1 to the financial schedules. Accordingly, the accompanying financial schedules are not intended to present financial position and results of operations in conformity with generally accepted accounting principles.

In our opinion, the financial schedules listed below present fairly the results of operations and changes in fund balance for the Missoula Vocational-Technical Center for the two fiscal years ended June 30, 1985, in conformity with the basis of accounting described in Note 1 applied on a consistent basis.

<u>Schedule Name</u>	<u>Fund/Subfund</u>	<u>Fiscal Year</u>
Schedule of Changes in Fund Balance	General Special Revenue Unrestricted Restricted Designated Auxiliary Endowment Net Investment in Plant	For the Two Fiscal Years Ending June 30, 1985
Schedule of Revenue and Transfers In - Estimate and Actual	Special Revenue Unrestricted Restricted Designated Auxiliary	1984, 1985
Schedule of Program Expenditures and Transfers Out By Fund - Budget and Actual	General Special Revenue Unrestricted Restricted Designated Auxiliary	1984, 1985
Schedule of Program Expenditures and Transfers Out by Object		1984, 1985
Schedule of Additions and Deductions to Agency Fund Assets	Agency	1984, 1985
Schedule of Grant and Subgrant Expenditures		1984, 1985

Respectfully submitted,



James Gillett, CPA
Deputy Legislative Auditor

February 27, 1986

MICHIGAN OCCASIONAL TECHNICAL CENTRE
SCHEDULE OF REVENUES AND TRANSFERS IN
ESTIMATE AND ACTUAL
FOR THE FISCAL YEAR ENDED JUNE 30, 1985

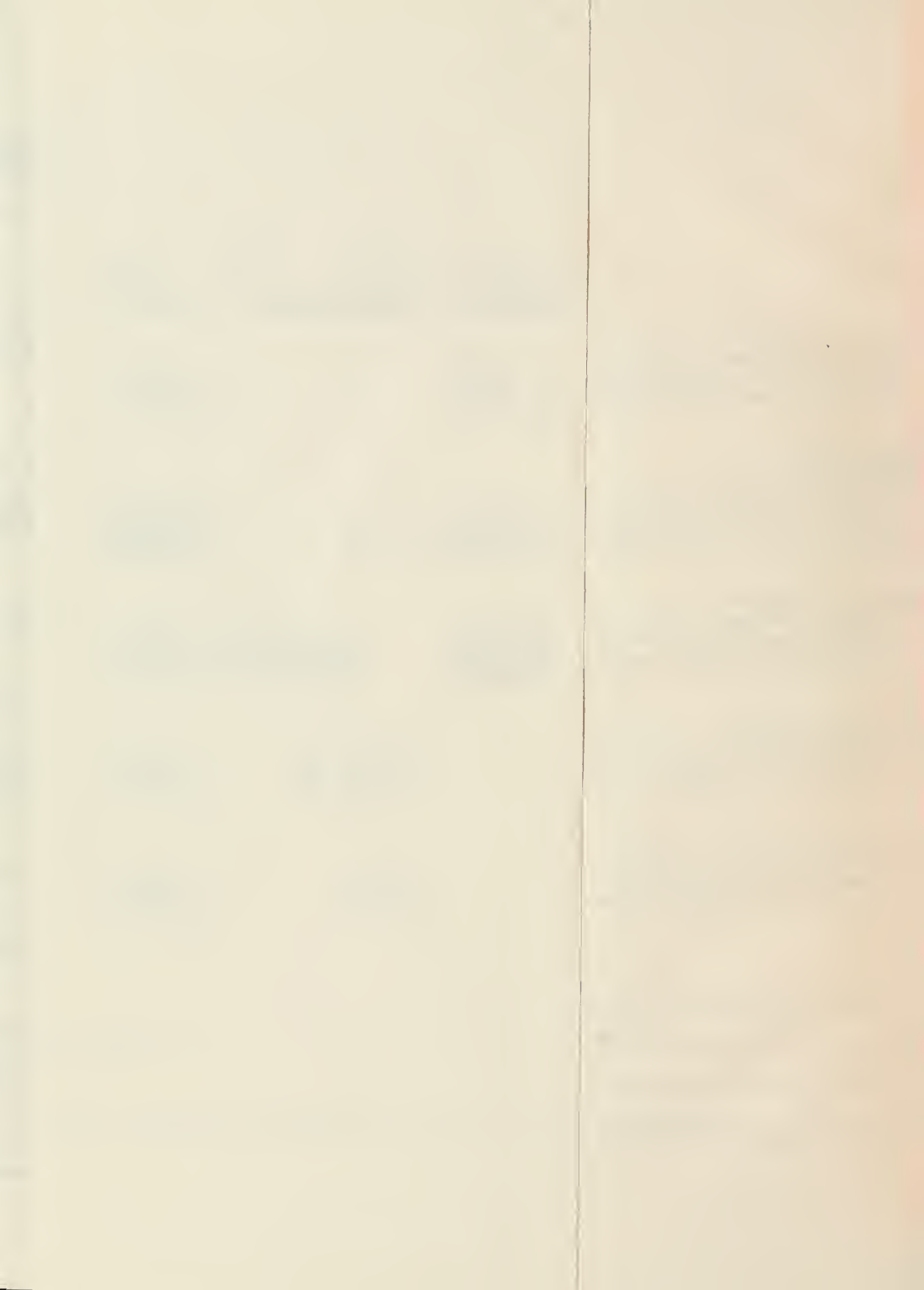
	<u>Total</u>	<u>Service Fees</u>	<u>Reimbursements</u>	<u>Investment Earnings</u>	<u>Rentals, Leases, & Royalties</u>	<u>Grants, Gifts, Bequests, & Donations</u>	<u>Sale of Documents, Merchandise, & Property</u>	<u>Federal Assistance</u>	<u>Income Collections & Transfers</u>	<u>Miscellaneous</u>	<u>Totals</u>
Special Revenue Fund											
Estimated Revenue & Transfers In	\$222,599	\$333,720	\$ -0-						\$ 176,934		\$ 733,253
Actual Revenue & Transfers In	222,599	310,997	216,208						176,934		926,738
Collections Over(under) Estimate	<u>\$ -0-</u>	<u>\$(22,723)</u>	<u>\$216,208</u>						<u>\$ -0-</u>		<u>\$ 193,485</u>
CURRENT FUNDS											
Unrestricted Subfund											
Estimated Revenue & Transfers In	\$470,000		\$ -0-		\$ -0-		\$ -0-		\$2,548,691		\$3,018,691
Actual Revenue & Transfers In	379,743		4		3,615		168		2,201,011		2,584,541
Collections Over(under) Estimate	<u>\$(90,257)</u>		<u>4</u>		<u>\$3,615</u>		<u>\$ 168</u>		<u>\$(347,680)</u>		<u>\$(434,150)</u>
Restricted Subfund*											
Estimated Revenue & Transfers In	\$153,200	\$ 81,600	\$ 50,079	\$-0-	\$15,773			\$121,960	\$ 25,000	\$ -0-	\$ 447,612
Actual Revenue & Transfers In	162,785	90,443	58,122	999	41,956			403,036	22,461	9,806	789,608
Collections Over(under) Estimate	<u>\$ 9,585</u>	<u>\$ 8,843</u>	<u>\$ 8,043</u>	<u>\$999</u>	<u>\$26,183</u>			<u>\$281,076</u>	<u>\$(2,539)</u>	<u>\$ 9,806</u>	<u>\$ 341,996</u>
Designated Subfund*											
Estimated Revenue & Transfers In		\$ -0-					\$332,376			\$ -0-	\$ 332,376
Actual Revenue & Transfers In		11,040					350,704			356	362,100
Collections Over(under) Estimate		<u>\$ 11,040</u>					<u>\$ 18,328</u>			<u>\$ 356</u>	<u>\$ 29,724</u>
Auxiliary Subfund*											
Estimated Revenue & Transfers In							\$ -0-				\$ -0-
Actual Revenue & Transfers In							336,293				336,293
Collections Over(under) Estimate							<u>\$336,293</u>				<u>\$ 336,293</u>

*Revenue estimates were not recorded for certain revenue classes within this fund.

General and Special Revenue Fund moneys are also included in the Unrestricted Subfund (see footnote 1).

The General Fund had no revenues and transfers in and does not appear on this schedule.

This schedule is prepared from the Statewide Budgeting and Accounting System. Additional information is provided in the notes to the financial schedules on pages 20 through 25.



MISSOULA VOCATIONAL-TECHNICAL CENTER
SCHEDULE OF REVENUES AND TRANSFERS IN
ESTIMATE AND ACTUAL
FOR THE FISCAL YEAR ENDED JUNE 30, 1984

	Taxes	Service Fees	Reimbursements	Investment Earnings	Rentals, Leases, & Royalties	Grants, Gifts, Requests & Donations	Sale of Documents, Merchandise, & Property	Federal Assistance	Income Collections & Transfers	Miscellaneous	Totals
Special Revenue Fund											
Estimated Revenue & Transfers In	\$211,862	\$297,000	\$221,116						\$ 117,931		\$ 847,909
Actual Revenue & Transfers In	<u>211,862</u>	<u>299,782</u>	<u>221,116</u>						<u>117,931</u>		<u>850,691</u>
Collections Over(under) Estimate	<u>\$ -0-</u>	<u>\$ 2,782</u>	<u>\$ -0-</u>						<u>\$ -0-</u>		<u>\$ 2,782</u>
CURRENT FUNDS											
Unrestricted Subfund											
Estimated Revenue & Transfers In	\$304,291		\$ -0-		\$ -0-		\$ -0-		\$ 4,159,611		\$ 4,463,901
Actual Revenue & Transfers In	<u>297,854</u>		<u>2,627</u>		<u>6,722</u>		<u>18</u>		<u>2,143,711</u>		<u>2,450,932</u>
Collections Over(under) Estimate	<u>\$ (6,437)</u>		<u>\$ 2,627</u>		<u>\$ 6,722</u>		<u>\$ 18</u>		<u>\$ (2,015,900)</u>		<u>\$ (2,012,970)</u>
Restricted Subfund*											
Estimated Revenue & Transfers In	\$150,000	\$ 92,900	\$149,833	\$-0-	\$18,000	\$ -0-	\$191,991	\$ 30,800	\$ -0-	\$ 633,528	
Actual Revenue & Transfers In	<u>169,354</u>	<u>79,010</u>	<u>75,101</u>	<u>466</u>	<u>54,686</u>	<u>19</u>	<u>356,800</u>	<u>20,943</u>	<u>9,530</u>	<u>765,909</u>	
Collections Over(under) Estimate	<u>\$ 19,354</u>	<u>\$ (13,890)</u>	<u>\$ (74,732)</u>	<u>\$ 466</u>	<u>\$ 36,686</u>	<u>\$ 19</u>	<u>\$ 164,809</u>	<u>\$ (9,857)</u>	<u>\$ 9,530</u>	<u>\$ 132,381</u>	
Designated Subfund*											
Estimated Revenue & Transfers In		\$ -0-					\$285,721		\$ -0-	\$ 285,721	
Actual Revenue & Transfers In		<u>13,841</u>					<u>337,271</u>		<u>514</u>	<u>351,626</u>	
Collections Over(under) Estimate		<u>\$ 13,841</u>					<u>\$ 41,550</u>		<u>\$ 514</u>	<u>\$ 55,905</u>	
Auxiliary Subfund**											
Estimated Revenue & Transfers In						\$ -0-				\$ -0-	
Actual Revenue & Transfers In						<u>294,075</u>				<u>294,075</u>	
Collections Over(under) Estimate						<u>\$ 294,075</u>				<u>\$ 294,075</u>	

*Revenue estimates were not recorded for certain revenue classes within this fund.

General and Special Revenue Fund monies are also included in the Unrestricted Subfund (see footnote 1).

The General Fund had no revenues and transfers in and does not appear on this schedule.

This schedule is prepared from the Statewide Budgeting and Accounting System. Additional information is provided in the notes to the financial schedule on pages 20 through 22.

PLA VOCATIONAL-TECHNICAL CENTES
BUDGET EXPENDITURE AND TRANSFER OUT BY FUND
SUBJECT AND ACTUAL
FY08 FISCAL YEAR ENDED JUNE 30, 1998

	1997	1998	Public Service	Academic Support	Student Services	Institutional Support	Plant Operational Maintenance	Scholarships and Fellowships	Auxiliary Enterprises	Other Computer Center	State Funds Transfers	Totals
FUND												
Budget	1,000,000	1,000,000									\$1,281,707	\$1,281,707
Actual												
Operating Expenses												
Salaries											1,281,707	1,281,707
Sal. & Ben.											1,281,707	1,281,707
Budget Authority	1,000,000	1,000,000									\$	\$
PLANT & EQUIPMENT												
Budget											\$	\$
Actual												
Operating											861,908	861,908
Capital											861,908	861,908
Budget Authority											\$	\$
PROJECT FUNDS												
CHARTERED SUBJECT												
Budget				\$24,500	\$1,100,000	\$187,500	\$300,000					\$2,452,000
Actual												
Personnel Services	78,111	163,628	173,151	134,778							1,920,302	1,920,302
Operational Expenses	36,834	40,985	23,856	165,117							256,047	256,047
Equipment											57,794	57,794
Capital Outlay												
Actual												
Budget Authority											\$	\$
RESTRICTED FUNDS												
Budget	\$ 672,340	\$ 672,340	\$ 672,340	\$ 672,340	\$ 672,340	\$ 672,340	\$ 672,340	\$ 672,340	\$ 672,340	\$ 672,340	\$ 672,340	\$ 672,340
Actual												
Personnel Services	18,148	18,148	18,148	18,148	18,148	18,148	18,148	18,148	18,148	18,148	18,148	18,148
Operational Expenses	18,148	18,148	18,148	18,148	18,148	18,148	18,148	18,148	18,148	18,148	18,148	18,148
Equipment												
Capital Outlay												
Actual												
Budget Authority											\$	\$
UNRESTRICTED FUNDS												
Budget	\$ 315,585	\$ 315,585	\$ 315,585	\$ 315,585	\$ 315,585	\$ 315,585	\$ 315,585	\$ 315,585	\$ 315,585	\$ 315,585	\$ 315,585	\$ 315,585
Actual												
Personnel Services	194,867	194,867	194,867	194,867	194,867	194,867	194,867	194,867	194,867	194,867	194,867	194,867
Operational Expenses	74,598	74,598	74,598	74,598	74,598	74,598	74,598	74,598	74,598	74,598	74,598	74,598
Equipment	22,284	22,284	22,284	22,284	22,284	22,284	22,284	22,284	22,284	22,284	22,284	22,284
Capital Outlay	241,629	241,629	241,629	241,629	241,629	241,629	241,629	241,629	241,629	241,629	241,629	241,629
Budget Authority											\$	\$
TRANSFERS												
Budget	\$ 1,000,000	\$ 1,000,000	\$ 1,000,000	\$ 1,000,000	\$ 1,000,000	\$ 1,000,000	\$ 1,000,000	\$ 1,000,000	\$ 1,000,000	\$ 1,000,000	\$ 1,000,000	\$ 1,000,000
Actual												
Personnel Services	1,000,000	1,000,000	1,000,000	1,000,000	1,000,000	1,000,000	1,000,000	1,000,000	1,000,000	1,000,000	1,000,000	1,000,000
Operational Expenses												
Equipment												
Capital Outlay												
Budget Authority											\$	\$

1. The fund balance is established because the fund requires no legislative appropriation.

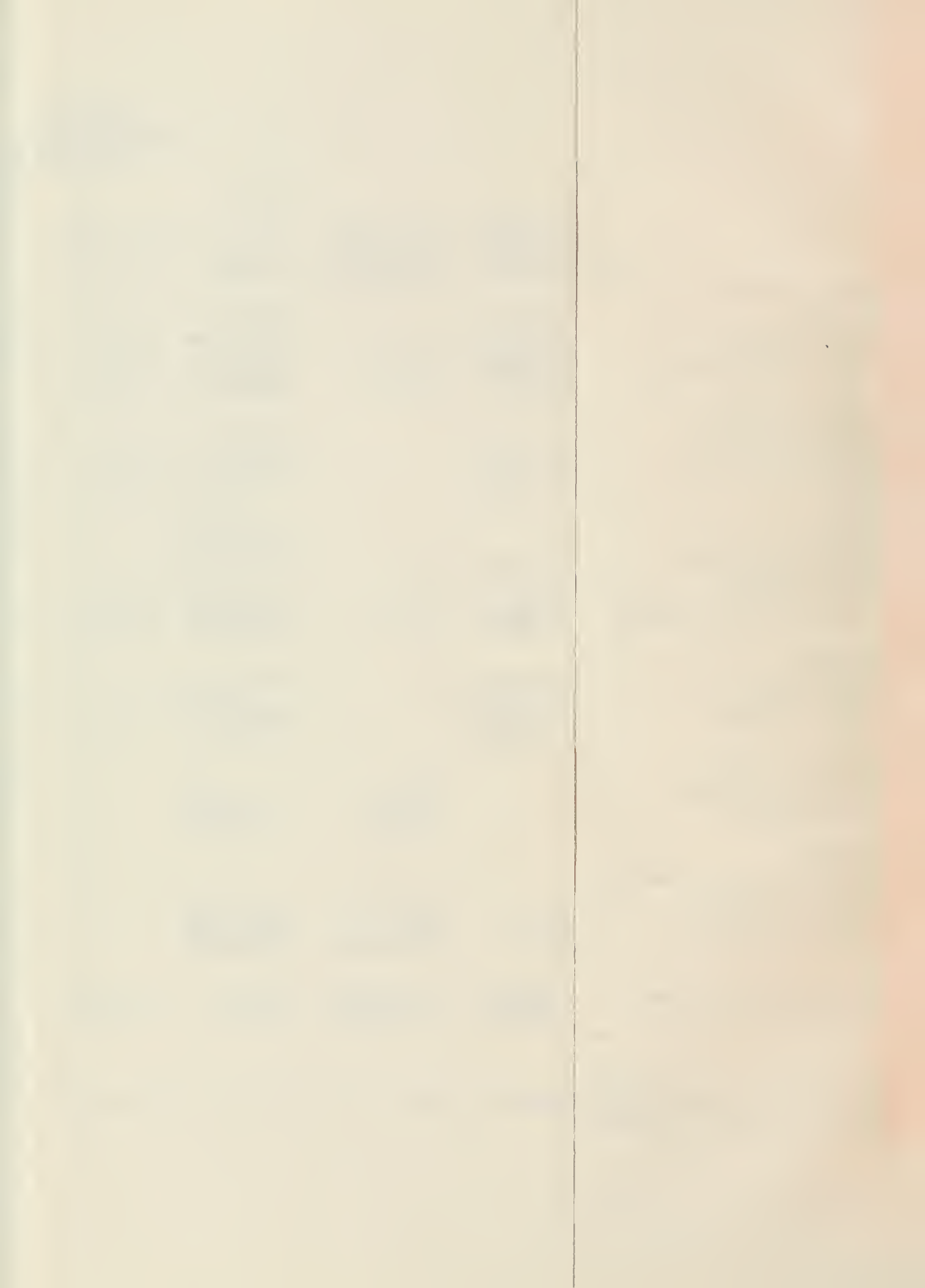
2. The fund balance is also included in the Unrestricted Subfund (see footnote 1).

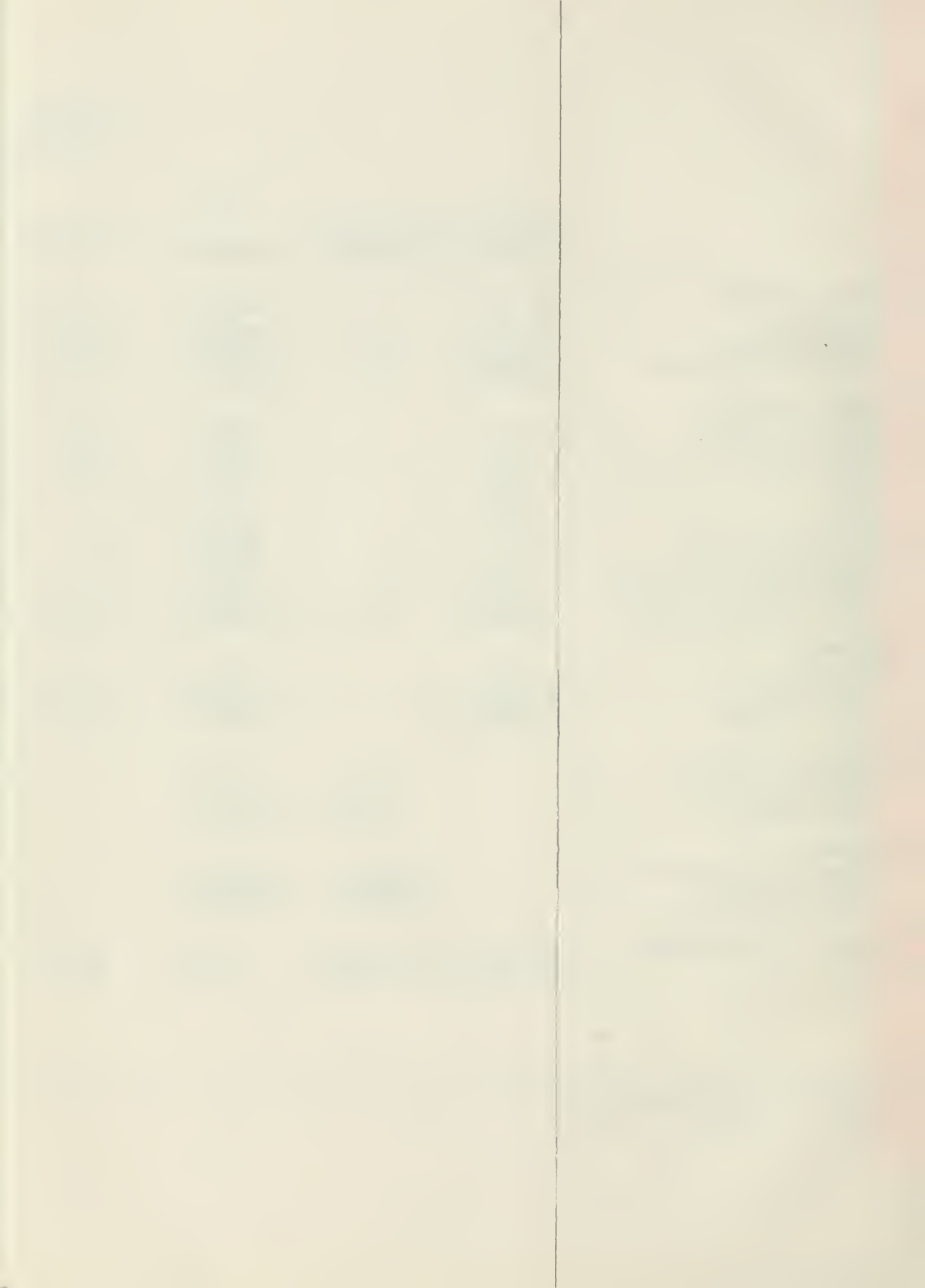
3. The fund balance is also included in the Unrestricted Subfund (see footnote 1).

STATE OF NEW YORK - FISCAL YEAR 1985
EXPENDITURES BY PROGRAM BY OBJECT
FOR FISCAL YEAR ENDED JUNE 30, 1985

	Contract	Research	Pub. L. Service	Academic Support	Student Services	Institutional Support	Plant Operations and Maintenance	Scholarship Fellowships	Enterprise	Other Computer Center	State and Transactions	Totals
PERSONAL SERVICES												
Salaries	\$1,361,289	\$4,566	\$1,671	\$100,430	\$150,848	\$ 88,750	\$ 3,860	\$ 573	\$117,701			\$1,869,691
Wages	54,582			78,766	21,464	66,819	90,004	\$ 5,586	50,418	49,150		416,738
Employee Benefits	278,982	701	164	42,045	34,378	34,234	30,930		11,481	35,920		468,840
Total Personal Services	<u>1,694,853</u>	<u>5,267</u>	<u>1,835</u>	<u>221,241</u>	<u>206,710</u>	<u>189,803</u>	<u>144,794</u>	<u>5,586</u>	<u>60,477</u>	<u>202,773</u>		<u>2,755,269</u>
OPERATING EXPENSES												
Contracted Services	98,270		285	14,213	53,693	6,251	13,823		739	22,240		209,515
Supplies & Materials	99,473		1,864	14,370	6,640	2,813	32,254		73,269	11,560		242,244
Communications	2,707	40	13		9,717	13,536	24,754		189	6,655		57,607
Travel	9,216		1,438	155	3,398	2,915				1,027		18,147
Rent	1,839			5,175					660			9,675
Utilities	98						96,658					96,756
Repair & Maintenance	1,714			5,393	2,751	928	24,661		4,266	26,192		91,906
Other Expenses	2,291		54	6,501	861	4,075	433	3,200	7,393	452		10,456
Goods Purchased for Resale	376								169,860			170,236
Total Operating Expenses	<u>243,986</u>	<u>40</u>	<u>1,954</u>	<u>45,807</u>	<u>77,038</u>	<u>30,518</u>	<u>192,581</u>	<u>6,400</u>	<u>241,590</u>	<u>68,176</u>		<u>906,542</u>
EQUIPMENT												
Equipment	57,548			5,112	6,466	1,195	1,299		13,086	51,365		136,071
Capital Lease	1,675			5,112	6,466	1,195	1,299		13,263	11,757		12,047
Total Equipment	<u>59,223</u>			<u>10,224</u>	<u>12,932</u>	<u>2,390</u>	<u>2,598</u>		<u>26,349</u>	<u>63,122</u>		<u>148,118</u>
GRANTS												
State Grants								4,310				4,310
Federal Grants								272,059				272,059
Grants								<u>276,469</u>				<u>276,469</u>
TRANSFERS												
Accounting System Transfer												
Mandatory Transfers	78,000										\$2,191,151	2,219,713
Nonmandatory Transfers	1,571		492		84		433	909	741			3,758
Total Transfers	<u>79,571</u>		<u>492</u>		<u>84</u>		<u>433</u>	<u>909</u>	<u>741</u>		<u>2,191,151</u>	<u>2,223,471</u>
PROGRAM EXPENDITURES	<u>\$2,046,518</u>	<u>\$5,307</u>	<u>\$3,889</u>	<u>\$277,047</u>	<u>\$290,278</u>	<u>\$212,713</u>	<u>\$279,109</u>	<u>\$286,104</u>	<u>\$217,614</u>	<u>\$334,041</u>	<u>\$2,191,151</u>	

This schedule was prepared from the Statewide Budgeting and Accounting System. Additional information is provided in the notes to the financial statements on pages 10 through 11.





MISSOULA VOCATIONAL-TECHNICAL CENTER
SCHEDULE OF ADDITIONS AND DEDUCTIONS
AGENCY FUND ASSETS
FOR THE TWO FISCAL YEARS ENDED JUNE 30, 1985

	Agency Fund ³ Additional Millage	Agency ¹ Fund Clearing	Agency Fund ² All Other
Asset Balance, July 1, 1983	\$ -0-	\$ 38,660	\$ 2,991
Additions:			
Fiscal Year 1984	348,424	899,575	24,488
Fiscal Year 1985	521,039	611,203	19,894
Total Additions	<u>869,463</u>	<u>1,510,778</u>	<u>44,382</u>
Deductions:			
Fiscal Year 1984	285,230	920,359	21,778
Fiscal Year 1985	498,602	601,781	19,953
Total Deductions	<u>783,832</u>	<u>1,522,140</u>	<u>41,731</u>
Asset Balance, June 30, 1985	<u>\$ 85,631</u>	<u>\$ 27,298</u>	<u>\$ 5,642</u>

¹This includes Departmental Federal Assistance Financing System and Pell Grants.

²This includes Associated Students, Office Education Association, DECA, Culinary Student Assistance, and Scholarships.

³The fiscal year 1985 additions are duplicated by \$85,631 due to the initial addition in the Governmental Agency Fund, then a transfer out and addition into the College and University Agency Fund.

MISSOULA VOCATIONAL-TECHNICAL CENTER
SCHEDULE OF GRANTS AND SUBGRANT EXPENDITURES
FOR THE FISCAL YEAR ENDING JUNE 30, 1985

<u>GRANTS</u>	<u>Project Number</u>	<u>Expenditures</u>
<u>U.S. Department of Education</u>		
Pell Grant	P008403770, P008532422	\$256,693
SEOG Grant	P008542422	11,304
College Work-Study	P008512422	23,176
Title IIA	G008351156	609
 <u>SUBGRANTS - STATE AGENCIES</u>		
<u>Department of Social and Rehabilitation Services</u>		
English as a Second Language	84-028-0032	302
English as a Second Language-Adult Refugee Transfer	84-028-0098	4
 <u>Office of Public Instruction</u>		
Job Training Partnership Act, World of Work	3502	68,895
Job Training Partnership Act, World of Work Workshop	3505	1,567
Job Training Partnership Act, Basic Ed.	2502	5,803
Apprenticeship	A129D, A136D	7,669
Federal Adult Basic Education	85-56-6103-225	56,423
Pre-Vocational Pilot Program	85-6103-03-20-17-0285	39,320
Adult Student Research	84-6103-06-21-17-G724	5,307
State Adult Basic Education	85-56-6103-201-S	15,668
 <u>Commissioner of Higher Education</u>		
SSIG		4,350
 <u>Miscellaneous Local and Private</u>		<u>1,817</u>
 Total Grants and Subgrants		<u>\$498,907</u> ¹

¹This total does not tie to the Restricted Subfund total because of adjustments for: refunds, off-campus college work-study, and indirect costs.

MISSOULA VOCATIONAL-TECHNICAL CENTER
SCHEDULE OF GRANTS AND SUBGRANT EXPENDITURES
FOR THE FISCAL YEAR ENDING JUNE 30, 1984

<u>GRANTS</u>	<u>Project Number</u>	<u>Expenditures</u>
<u>U.S. Department of Education</u>		
Pell Grant	P008403770, P008432422	\$202,525
SEOG	P0084422422	7,350
College Work-Study	P008412422	28,296
Title IIA	G008351156	210
Veterans Cost of Instruction Program	Q008312452	854
 <u>SUBGRANTS - STATE AGENCIES</u>		
<u>Department of Social and Rehabilitation Services</u>		
English as a Second Language	83-028-0032	5,107
English as a Second Language	84-028-0032	20,376
English as a Second Language-Adult Refugee	84-028-0098	4,378
 <u>Office of Public Instruction</u>		
CETA, World of Work	3302	17,868
Job Training Partnership Act, World of Work	3402	51,213
Apprenticeship	A129C, A130C, A136C	9,522
Federal Adult Basic Education	84-56-6103-175	43,567
Pre-Vocational Pilot Program	84-6103-03-20-17-D247	30,495
CETA Basic Education	2302	4,873
Counseling Research	83-6103-06-21-17-G713	6,805
Counseling Workshop	84-6103-06-21-17-G717	10,421
Job Training Partnership Act, Basic Ed.	2402	24,799
Adult Basic Education Computer Demonstration	84-56-6103-061-SD	3,285
Adult Student Research	84-6103-06-21-17-G724	1,126
Vo-Ed Management Information	78-3202-05-25-0435	325
State Adult Basic Education	84-56-6103-075-S	15,675
 <u>Commissioner of Higher Education</u>		
SSIG		5,400
 <u>Miscellaneous Local and Private</u>		225
 Total Grants and Subgrants		<u>\$494,695¹</u>

¹ This total does not tie to the Restricted Subfund total because of adjustments for:
refunds, off-campus college work-study, and indirect costs.

MISSOULA VOCATIONAL-TECHNICAL CENTER

NOTES TO THE FINANCIAL SCHEDULES

FOR THE TWO FISCAL YEARS ENDED JUNE 30, 1985

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

A. Basis of Accounting

The state of Montana utilizes the modified accrual basis of accounting which is described in the Montana Operations Manual, except for the funds of higher educational units which are reported on the accrual basis of accounting. Under the modified accrual basis and the accrual basis of accounting, a valid obligation exists when the related liability is incurred except for the following items which are also considered valid obligations under state accounting policy.

- If the appropriation provided funds to complete a given project, the entire amount of a contract may be accrued even though the services are rendered in fiscal years subsequent to the fiscal year in which the expenditure is accrued.
- The anticipated cost of equipment is expensed in the fiscal year in which budgeted.
- Goods ordered, but not received as of the fiscal year-end, may be accrued if the purchase order was issued in the fiscal year in which the anticipated expenditure is to be accrued.

B. Basis of Presentation

The financial schedules were prepared from the Statewide Budgeting and Accounting System (SBAS) without adjustments.

The state of Montana accounts are organized utilizing a fund structure outlined in section 17-2-102, MCA. The governmental funds include:

General - accounts for all financial resources except those required to be accounted for in another fund.

Special Revenue - accounts for the proceeds of specific revenue sources that are legally restricted to expenditures for specified purposes. Legislative appropriations are required to be spent from this fund type. This activity includes millage and coal tax funds.

Agency Funds - to account for assets held by a governmental unit in a trustee capacity or as an agent for individuals, private organizations, other governmental units, and/or other funds.

The center also utilizes the following higher education funds:

Current Funds - Include economic resources expendable for instruction, research, public service, and the allied support programs. Subgroups of the current funds group are as follows:

Unrestricted - funds received for which no stipulation was made by the donor or other external agency as to the purposes for which they should be expended.

Designated - accumulates costs that are subsequently recharged or allocated in total to other subfunds and the resultant income; identifies financial activities related to special organized activities of educational programs wherein they are fully supported, and facilities' fees that are approved for collection beyond normal course fees.

Auxiliary - exists to furnish goods or services to students, faculty, or staff through a fee charged for the cost, although not necessarily equal to the cost of the goods or services. The revenues are derived directly from the operation of the auxiliary enterprise.

Restricted - funds available for financing operations which are limited by donors and other external agencies to specific purposes, programs, departments, or schools.

Endowment and Quasi-Endowment Funds - Donated funds invested in interest bearing accounts utilizing only interest earned for scholarships to students. The donor or center has designated initial contributions as nonexpendable principal. Scholarships are awarded at the discretion of a scholarship committee and in accordance with any donor restrictions.

Plant Funds - Include investment in plant. This fund denotes the cost of long-term institutional assets and related liabilities and equity. Depreciation is not recorded on assets within the investment in plant subgroups. No activity was recorded by the center in the other plant fund subgroups -

unexpended plant, renewal and replacement, and retirement of indebtedness.

Agency Funds - Includes resources held by the institution as custodian or fiscal agent for individual students, faculty, staff members, and organizations.

The financial schedules presented include General and Special Revenue Fund moneys in the Current Unrestricted Fund. In fiscal years 1984 and 1985, the center recorded initial receipts in the General and Special Revenue Funds, then transferred these moneys to the Unrestricted Fund. No combined fund totals are included on the financial schedules as these would be misleading to the reader due to the duplication in the General, Special Revenue, and Unrestricted Funds.

2. VACATION AND SICK LEAVE

Classified or support employees are allowed to accumulate and carryover a maximum of two times their annual accumulation of vacation into 90 days of a new calendar year. Contracted teachers do not earn vacation, while 12-month administrative employees may not accrue more than 20 days of vacation each fiscal year, 10 of which may be carried forward to the succeeding fiscal year.

Teachers earn 10 days of sick leave annually. All other full-time employees earn 12 days of sick leave a year. Accumulated sick leave is carried forward each fiscal year, with a maximum limit of 120 days.

Upon termination, qualifying classified and administrative employees having unused accumulated vacation and sick leave are paid 100 percent for vacation and 25 percent for sick leave. The liability amount associated with unused accumulated vacation and sick leave at June 30, 1985, is \$32,526, and \$121,993, respectively.

3. PENSION PLAN

Employees are covered by the Montana Public Employees' Retirement System (PERS) and the Teachers' Retirement System (TRS). The center's contribution for PERS was \$31,406 in 1984-85

and \$29,664 in 1983-84. The center's TRS contribution was \$117,292 in 1984-85 and \$107,394 in 1983-84.

4. GENERAL FUND BALANCE

The General Fund is a Statewide Fund. Agencies do not have a separate General Fund since their only authority is to pay obligations from the Statewide General Fund as long as they stay within their appropriation limits. Thus, on the center's schedule, the beginning and ending fund balance will always be zero for the General Fund.

5. BUDGET INFORMATION

The annual appropriations for planning and controlling financial operations are set for each fiscal year of the biennium by the Legislature. At the end of each fiscal year the center's unrestricted subfund appropriations revert to the fund of original appropriation and may be spent only for valid prior year obligations.

Budget amendments may be obtained to spend funds that were not available for consideration by the Legislature but have become available from sources other than the state's General Fund or Special Revenue Fund.

Appropriations for the center were established within the following areas:

1. Personal services,
2. Operations, and
3. Capital expenditures.

6. DIRECT ENTRIES TO FUND BALANCE

Special Revenue Fund - these entries record reversion transactions and cash distributions.

Unrestricted Subfund - these entries record reversion transactions, cash distributions, a residual equity transfer, and allocations of scholarship moneys.

Restricted Subfund - these entries record a residual equity transfer and allocations of scholarship moneys.

Endowment Subfund - these entries record additions to non-expendable principal amounts.

7. LEASES AND LONG-TERM OBLIGATIONS

The center leases copy machines. Lease payments are on an annual basis. The center will own the copy machines at the end of the respective lease terms.

The center also leases a computer. Lease payments are on a monthly basis. The center will own the computer at the end of the lease term.

The center has long-term obligations for vending machines. The center will own the vending machines at the end of the obligation term.

The following is a schedule by year of future minimum lease payments under the capitol leases together with the present value of the net minimum lease payments as of June 30, 1985:

<u>Copy Machines</u>	
1986	\$ 2,409
Minimum lease payments	\$ 2,409
Less: amount representing interest	80
Present value of net minimum lease payments	<u>\$ 2,329</u>

<u>Computer</u>	
1986	\$ 56,975
1987	56,975
1988	56,975
1989	42,731
Minimum lease payments	<u>\$213,656</u>
Less: amount representing interest	44,088
Present value of net minimum lease payments	<u>\$169,568</u>

<u>Vending Machines</u>	
1986	\$ 1,936
1987	683
1988	342
Minimum lease payments	<u>\$ 2,961</u>
Less: amount representing interest	616
Present value of net minimum lease payments	<u>\$ 2,345</u>

8. SCHEDULE OF FULL-TIME EQUIVALENT STUDENT (FTES)
FISCAL YEARS ENDED JUNE 30, 1984 AND 1985

<u>FISCAL YEAR 1983-84</u>				
	<u>Year</u>	<u>Number of¹ Students</u>	<u>Reported Contact Hours</u>	<u>Calculated² FTES</u>
QUARTER				
Summer	1983	158	37,333	112
Fall	1983	605	194,980	585
Winter	1984	581	193,845	582
Spring	1984	517	176,676	530

<u>FISCAL YEAR 1984-85</u>				
	<u>Year</u>	<u>Number of¹ Students</u>	<u>Reported Contact Hours</u>	<u>Calculated² FTES</u>
QUARTER				
Summer	1984	148	35,187	106
Fall	1984	603	192,186	577
Winter	1985	563	185,407	556
Spring	1985	495	161,998	486

¹Includes full-time and part-time students.

²This is the reported contact hours divided by 333.3 contact hours as required by 10.41.101, ARM.

CENTER RESPONSE



Missoula Vocational Technical Center

- Post Secondary Vocational Technical Education
- Adult Continuing Education
- Community Service

Phone (406) 721-1330

909 South Avenue West

Missoula, Montana 59801

April 18, 1986

RECEIVED

APR 21 1986

MONTANA LEGISLATIVE AUDITOR

Mr. Scott A. Seacat
Legislative Auditor
State Capitol
Helena, MT 59620

Dear Mr. Seacat:

Enclosed is the Missoula Vocational Technical Center response to the audit report prepared by your office of the Center's activities for the two fiscal years ended June 30, 1984 and 1985.

Center personnel express their appreciation to you and your staff for a professional and cooperative effort. Your field auditors completed their tasks efficiently with minimum disruption of normal Center operation. Your comments and recommendations will, as usual, be beneficial to the future operation of Missoula Vocational Technical Center.

Sincerely,

Dennis Lerum
Director

khs

enclosure

MISSOULA VOCATIONAL TECHNICAL CENTER
RESPONSE TO AUDITOR'S RECOMMENDATIONS
FOR FISCAL YEARS ENDED JUNE 30, 1984 AND 1985

Recommendation #1--Leave Policy. We recommend the Center review leave balances prior to approving time off to ensure leave taken is in accordance with applicable state law and payroll contracts.

Response

We concur. Corrective action has been taken. The Administrative Secretary now reviews each employee's leave balance before final approval for leave is granted.

Recommendation #2--Student Aid Reports. We recommend the Center:

- A. Complete the Federal Financial Aid Reports in accordance with instructions, and
- B. File corrected Federal Financial Aid Reports for fiscal years 1983-84 and 1984-85.

Response

We concur. Instructions will be reviewed before future reports are filed and amended Fiscal Operations reports for fiscal years 1983-84 and 1984-85 will be filed.

Recommendation #3--Guaranteed Student Loan Applications. We recommend the Center correctly complete student loan applications.

Response

We concur. Future loan applications will be given extra review in an attempt to eliminate errors.

